

House Study Bill 273

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SHOMSHOR)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the forest reservation property tax exemption
2 and including effective and applicability date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2116HC 83
5 sc/nh/5

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1 1 Section 1. Section 159.6, subsection 1, Code 2009, is
1 2 amended to read as follows:
1 3 1. ~~Forest and fruit=tree~~ Fruit=tree reservations, chapter
1 4 427C.
1 5 Sec. 2. Section 427C.1, Code 2009, is amended to read as
1 6 follows:
1 7 427C.1 TAX EXEMPTION.
1 8 Any person who establishes a ~~forest or~~ fruit=tree
1 9 reservation as provided in this chapter shall be entitled to
1 10 the tax exemption provided by law.
1 11 Sec. 3. Section 427C.2, Code 2009, is amended to read as
1 12 follows:
1 13 427C.2 RESERVATIONS.
1 14 On any tract of land in the state of Iowa, the owner or
1 15 owners may select ~~a permanent forest reservation or~~
1 16 ~~reservations, each not less than two acres in continuous area,~~
1 17 ~~or a fruit=tree reservation or reservations, not less than one~~
1 18 ~~nor more than ten acres in total area, or both,~~ and upon
1 19 compliance with the provisions of this chapter, such owner or
1 20 owners shall be entitled to the benefits provided by law.
1 21 Sec. 4. Section 427C.7, Code 2009, is amended to read as
1 22 follows:
1 23 427C.7 FRUIT=TREE RESERVATION == DURATION OF EXEMPTION.
1 24 A fruit=tree reservation shall contain on each acre, at
1 25 least forty apple trees, or seventy other fruit trees, growing
1 26 under proper care and annually pruned and sprayed. A
1 27 reservation may be claimed as a fruit=tree reservation, under
1 28 this chapter, for a period of eight years after planting
1 29 provided application is made or on file on or before February
1 30 1 of the exemption year. If any buildings are standing on an
1 31 area selected as a fruit=tree reservation under this section,
1 32 one acre of that area shall be excluded from the tax
1 33 exemption. However, the exclusion of that acre shall not
1 34 affect the area's meeting the acreage requirement of section
1 35 427C.2.
2 1 Sec. 5. Section 427C.9, Code 2009, is amended to read as
2 2 follows:
2 3 427C.9 REPLACING TREES.
2 4 When any tree or trees on a fruit=tree ~~or forest~~
2 5 reservation ~~shall be~~ are removed or die, the owner or owners
2 6 of such reservation shall, within one year, plant and care for
2 7 other fruit ~~or forest~~ trees, in order that the number of such
2 8 trees may not fall below that required by this chapter.
2 9 Sec. 6. Section 427C.10, Code 2009, is amended to read as
2 10 follows:
2 11 427C.10 RESTRAINT OF LIVESTOCK AND LIMITATION ON USE.
2 12 Cattle, horses, mules, sheep, goats, ostriches, rheas,
2 13 emus, and swine shall not be permitted upon a fruit=tree ~~or~~
2 14 ~~forest~~ reservation. ~~Fruit=tree and forest~~ reservations shall
2 15 not be used for economic gain other than the gain from raising
2 16 fruit ~~or forest~~ trees.
2 17 Sec. 7. Section 427C.11, Code 2009, is amended to read as
2 18 follows:

2 19 427C.11 PENALTY.
2 20 If the owner or owners of a fruit=tree ~~or forest~~
2 21 reservation violate any provision of this chapter within the
2 22 two years preceding the making of an assessment, the assessor
2 23 shall not list any tract belonging to such owner or owners, as
2 24 a reservation within the meaning of this chapter, for the
2 25 ensuing two years.
2 26 Sec. 8. Section 427C.12, Code 2009, is amended to read as
2 27 follows:
2 28 427C.12 APPLICATION == INSPECTION == CONTINUATION OF
2 29 EXEMPTION == RECAPTURE OF TAX.
2 30 1. It shall be the duty of the assessor to secure the
2 31 facts relative to fruit=tree ~~and forest~~ reservations by taking
2 32 the sworn statement, or affirmation, of the owner or owners
2 33 making application under this chapter; and to make special
2 34 report to the county auditor of all reservations made in the
2 35 county under the provisions of this chapter.
3 1 2. The board of supervisors shall designate the county
3 2 conservation board or the assessor who shall inspect the area
3 3 for which an application is filed for a fruit=tree ~~or forest~~
3 4 reservation tax exemption before the application is accepted.
3 5 Use of aerial photographs may be substituted for on-site
3 6 inspection when appropriate. The application can only be
3 7 accepted if it meets the criteria established by the natural
3 8 resource commission to be a fruit=tree ~~or forest~~ reservation.
3 9 Once the application has been accepted, the area shall
3 10 continue to receive the tax exemption during each year in
3 11 which the area is maintained as a fruit=tree ~~or forest~~
3 12 reservation without the owner having to refile. If the
3 13 property is sold or transferred, the seller shall notify the
3 14 buyer that all, or part of, the property is in fruit=tree ~~or~~
3 15 ~~forest~~ reservation and subject to the recapture tax provisions
3 16 of this section. The tax exemption shall continue to be
3 17 granted for the remainder of the eight-year period for
3 18 fruit=tree reservation ~~and for the following years for forest~~
3 19 ~~reservation~~ or until the property no longer qualifies as a
3 20 fruit=tree ~~or forest~~ reservation. The area may be inspected
3 21 each year by the county conservation board or the assessor to
3 22 determine if the area is maintained as a fruit=tree ~~or forest~~
3 23 reservation. If the area is not maintained or is used for
3 24 economic gain other than as a fruit=tree reservation during
3 25 any year of the eight-year exemption period and any year of
3 26 the following five years ~~or as a forest reservation during any~~
3 27 ~~year for which the exemption is granted and any of the five~~
3 28 ~~years following those exemption years~~, the assessor shall
3 29 assess the property for taxation at its fair market value as
3 30 of January 1 of that year and in addition the area shall be
3 31 subject to a recapture tax. However, the area shall not be
3 32 subject to the recapture tax if the owner, including one
3 33 possessing under a contract of sale, and the owner's direct
3 34 antecedents or descendants have owned the area for more than
3 35 ten years. The tax shall be computed by multiplying the
4 1 consolidated levy for each of those years, if any, of the five
4 2 preceding years for which the area received the exemption for
4 3 fruit=tree ~~or forest~~ reservation times the assessed value of
4 4 the area that would have been taxed but for the tax exemption.
4 5 This tax shall be entered against the property on the tax list
4 6 for the current year and shall constitute a lien against the
4 7 property in the same manner as a lien for property taxes. The
4 8 tax when collected shall be apportioned in the manner provided
4 9 for the apportionment of the property taxes for the applicable
4 10 tax year.
4 11 Sec. 9. Section 427C.13, Code 2009, is amended to read as
4 12 follows:
4 13 427C.13 REPORT TO DEPARTMENT OF NATURAL RESOURCES.
4 14 The county assessor shall keep a record of all ~~forest and~~
4 15 fruit=tree reservations in the county and submit a report of
4 16 the reservations to the department of natural resources not
4 17 later than June 15 of each year.
4 18 Sec. 10. Section 441.22, Code 2009, is amended to read as
4 19 follows:
4 20 441.22 ~~FOREST AND~~ FRUIT-TREE RESERVATIONS.
4 21 ~~Forest and fruit=tree~~ Fruit=tree reservations fulfilling
4 22 the conditions of ~~sections 427C.1 to 427C.13~~ chapter 427C
4 23 shall be exempt from taxation. In all other cases where trees
4 24 are planted upon any tract of land, without regard to area,
4 25 for forest, fruit, shade, or ornamental purposes, or for
4 26 windbreaks, the assessor shall not increase the valuation of
4 27 the property because of such improvements.
4 28 Sec. 11. Sections 427C.3 through 427C.6, Code 2009, are
4 29 repealed.

4 30 Sec. 12. EFFECTIVE AND APPLICABILITY DATE == EXPIRATION OF
4 31 CURRENT EXEMPTIONS. This Act takes effect January 1, 2010,
4 32 and applies to assessment years beginning on or after that
4 33 date. Forest reservation exemptions granted prior to January
4 34 1, 2010, shall expire on January 1, 2010.

4 35 EXPLANATION

5 1 This bill strikes the forest reservation property tax
5 2 exemption. The bill takes effect January 1, 2010, and applies
5 3 to assessment years beginning on or after that date. The bill
5 4 provides that forest reservation exemptions granted prior to
5 5 January 1, 2010, shall expire on January 1, 2010.

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